

Daily Economic News Summary: 3 April 2017

1. To avail of tax benefit before GST rollout, FMCGs rush to Assam

Source: Business Standard ([Link](#))

Besides the rush to close their books of accounts for 2016-17, March saw fast-moving consumer goods (FMCG) companies move with haste on another front. The rush was to set up manufacturing units in Assam to avail of fiscal benefits before the deadline of March 31 lapsed. At a time when the concept of tax havens is set to vanish following the implementation of the goods and services tax (GST) by July, the rush, say experts, was reminiscent of a similar one earlier to Himachal Pradesh and Uttarakhand, which were offering sops to woo industry. While the financial incentives — a 10-year tax holiday in the case of Himachal and Uttarakhand — expired in 2010, Assam's excise benefits by way of tax refunds were on till the end of March. Those who set up plants before March 31 this year would get excise benefits for the next 10 years.

2. FPI inflows at record Rs 57,000 cr

Source: The Hindu: Business Line ([Link](#))

Foreign investors pumped in a record ₹57,000 crore in Indian capital markets in March, buoyed by expectations that BJP's victory in assembly polls is a precursor to more "bold, reformist policies". With the latest funds mobilisation, net investment by FPIs in the capital markets — equity and debt — reached a little over ₹49,000 crore in 2016-17. In the just-concluded fiscal, FPIs invested a net sum of over ₹56,000 crore in equities while they pulled out ₹7,000 crore from the debt market. According to depository data, foreign portfolio investors (FPIs) infused a net sum of ₹31,327 crore in equities in March and another ₹25,617 crore in the debt segment, translating into a combined inflow of ₹56,944 crore (\$8.7 billion).

3. India, Malaysia set to sign 15 business pacts today

Source: Live Mint ([Link](#))

India and Malaysia are expected to sign around 15 business-to-business pacts on Monday aiming to deepen commercial linkages between Asia's third-largest economy and its third-largest trading partner in the fast growing ASEAN or Association of Southeast Asian Nations economic grouping. The pacts are to be signed in the presence of visiting Malaysian Prime Minister Najib Razak in New Delhi. According to Indian officials, the total projects being considered by the two sides could amount to about \$5 billion. This is Razak's third visit to India since taking office as prime minister in 2009. The Malaysian prime minister started his five-day India visit on Thursday in Chennai. On Sunday, the Malaysian prime minister visited Rajasthan, where Malaysian companies are engaged in road and other infrastructure projects estimated to be worth over \$1 billion dollars.

4. GST Council is the country's 'first federal institution'

Source: The Hindu: Business Line ([Link](#))

Terming the Goods and Services Tax (GST) Council as the country's "first federal institution", Finance Minister Arun Jaitley said the indirect tax reform has become an exception to India's Constitutional order. "In Indian Constitution order, there were no grey areas between the Centre and the States....The powers of one doesn't overlap the other. But concurrent powers have been given under GST to both the Centre and the States," he said at Breakfast with *BusinessLine* jointly hosted by ITC Maurya. His comments come soon after the Lok Sabha passed four enabling legislations for the indirect tax reform relating to Centre GST, Union Territory GST, Integrated GST and compensation to States. In its 13th round of meetings on Friday, the GST Council has also largely approved all nine rules for the tax and the government plans to roll it out from July 1 this year. When asked whether industry and the government are prepared for the roll out of GST, he said that there are always questions during a period of transition. "Some people inevitably won't be ready. Some people who enjoy being outside the tax net will raise all kinds of question marks. Once it becomes a habit...it may take a couple of weeks or a few months before everybody fits into that space," he said.

5. Shell opens technology centre

Source: The Hindu: Business Line ([Link](#))

Oil major Royal Dutch Shell is working on designing solutions in renewable energy in areas such as next-gen battery technology, in line with its CEO Ben van Beurden's push towards clean energy. Talking to *BusinessLine* on the sidelines of the inauguration of its new technology centre in Bengaluru, Nitin Prasad, Chairman of Shell Companies in India, said the Anglo-Dutch company is working on 'sustainable' energy as the way forward. "If you look at it, there are 300 million people in India who do not have access to energy and another 300 million will need access to energy, which cannot be achieved through conventional means," he said. Further, Shell plans to double the capacity of its liquefied natural gas import facility at Hazira to 10 million tonnes a year. With increasing global population, there is an increase in energy requirements, said Harry Brekelmans, Shell's Projects & Technology Director. In line with this, Shell is working on energy storage, which involves next generation batteries. "Lithium currently has challenges such as cost to manufacture and ageing off the battery," said Prasad.

6. In energy starve Indian villages, solar mini-grids light the way

Source: Live Mint ([Link](#))

A dusty plastic sheet covers a large diesel generator in a corner of a petrol station in Atrauli, a village in Uttar Pradesh, a modest but telling sign of progress. The gas station used to shut at 7pm every day because the lights would often go off, and there was no way to know when they would come back on, said Sudhakar Singh, the manager. "The main power supply was very irregular, and operating the generator was expensive, so we could not afford to stay open beyond 7pm," Singh told the *Thomson Reuters Foundation*, as motorbikes and trucks lined up for petrol and diesel. Last year, the pump got a connection to a solar mini-grid, a local power network not connected to the national grid, which guarantees six hours of electricity every day. The pump has since stayed open all night. "Now, our expenses are lower and we earn more because we can stay open all night. We have not used the generator once since we got the ... connection," said Singh.